

H. R. 8865
[Ichord]

Purpose: To amend the Internal Security Act of 1950, to establish a central security review office for the coordination of loyalty and security programs administered by Federal executive agencies.

Comment:

The House Internal Security Committee conducted a 2 year review of the administration of laws and procedures underlining the Federal civilian employees loyalty-security program (H. Rpt. 92-1637). H. R. 8865 is the result of this review. The Committee felt that the programs were deficient in Government due to the absence of centralized control. Agencies failed to update and maintain appropriate implementing regulations; there was a lack of uniform standards and practices; improper security adjudications; and a failure to appeal adverse lower court decisions. H. R. 8865 establishes a central security review office within the Executive office of the President to coordinate Government security programs and to require compliance with directives issued and approved by the President. The Office would conduct continuing surveys and inspections, instruct security officers, investigate complaints by Federal employees and contractors, and report annually to the Congress on the operation of security programs in Government.

Position:

By letter to Mr. Colby dated 2 July, Chairman Ichord requested Agency comments on H. R. 8865. An interim was sent 10 July.

A Agency reply, coordinated with DDM&S and OGC, was forwarded to OMB on 5 November.

Status:

Referred to the House Committee on Internal Security on 20 June. Agency reply sent to OMB 5 November.

5 NOV 1973

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Rommel:

Enclosed is a proposed report to Chairman Ichord, Committee on Internal Security, in response to a request for our views and recommendations on H. R. 8865, a bill "To amend the Internal Security Act of 1959 to establish a Central Security Review Office for the coordination of loyalty and security programs administered by Federal executive agencies."

Advice is requested as to whether there is any objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,



Acting Legislative Counsel

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Enclosure

Distribution:

- Orig - Addressee w/encl.
- 1 - Legislation File
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- 1 - Chrono

OLC/PLC:jal:5Nov73

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

Honorable Richard Ichord, Chairman
Committee on Internal Security
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is in reply to your letter of 2 July 1973, requesting the views of this Agency on H.R. 8865, "To amend the Internal Security Act of 1950 to establish a Central Security Review Office for the coordination of loyalty and security programs administered by Federal executive agencies."

H.R. 8865 provides an explicit statutory basis for a comprehensive Federal agency loyalty and security program. This program establishes in the Executive Office of the President a Central Security Review Office which is responsible for (a) surveying and inspecting executive agency loyalty and security programs, including programs for classifying and declassifying information affecting the national security; (b) compiling statistics on loyalty and security programs; (c) preparing plans for security training programs for security officers; (d) investigating and evaluating complaints made on behalf of employees by labor or employee organizations with respect to the administration of security programs and complaints made by Government contractors; (e) promulgating rules and regulations for uniform loyalty and security programs; and (f) submitting annual reports to the Congress providing a description and statistical analysis of each loyalty and security program.

The National Security Act of 1947 and the Central Intelligence Agency Act of 1949 provide a specific statutory basis for the establishment and administration of a comprehensive security and loyalty program by this Agency. The 1947 and 1949 Acts impose and implement a responsibility for the protection of intelligence sources and methods. The 1947 Act authorizes the termination of any Agency officer or employee, when such action is determined necessary or advisable in the interest of the United States.

In consonance with existing statutory responsibilities and authorities, there has been established within this Agency a personnel security program which meets or exceeds the standards established by Executive Order 10450, "Security Requirements for Government Employees" and which supports requirements unique to the field of foreign intelligence. For example, the isolation encountered in certain intelligence assignments and other factors of stress demand that the suitability of each employee, from the standpoint of emotional stability, personal integrity, security consciousness, loyalty, and possible foreign connections, be carefully assessed. Moreover, the judgment and discretion required to administer this program must be exercised in a manner which assures the protection of intelligence sources and methods from unauthorized disclosure. Existing law provides the necessary authority to insure that the investigation, hiring and termination of Agency personnel are compatible with these requirements.

Section 406 of H. R. 8865 raises a possible conflict with existing law by making the judgment and discretion exercised by the Director subject to review and overruling by outside authorities not sharing the statutory responsibility for the protection of intelligence sources and methods.

We fully share the interest of the Committee in a strong and effective personnel security program, but in view of the above considerations, it is requested that the Agency be exempted from H. R. 8865 if the bill is favorably acted upon by your Committee. Recommended language is enclosed.

The Office of Management and Budget has advised there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,



W. E. Colby
Director

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Enclosure

Exemption for CIA from H. R. 8865

On page 2, line 8, Section 402(3) after the
word "agency" insert:

"except the Central Intelligence Agency, "

Yuan

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5. (Unclassified - PLC) Discussed with [REDACTED] Office of the General Counsel, National Security Agency, NSA's position concerning H.R. 8865, which establishes a Federal Review Office.

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[REDACTED] stated that NSA was requesting an exemption, as H.R. 8865 would create serious statutory conflicts with the personnel security program in NSA. By statute in 1964, the Director of NSA was given sole authority to develop and administer a security program for NSA. I informed [REDACTED] that their position paralleled the position of CIA, as our security program is also based on statute.

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6. (Unclassified - GLC) [REDACTED] DCI/NIO, called and asked for any information we could give her on congressional action pertaining to the Federal budgetary process. I told her of the work which is being done by a joint congressional committee and said we would get to her whatever information we had available on the subject.

7. (Unclassified - GLC) Jim Woolsey, Senate Armed Services Committee staff, called this morning to advise that Senator Symington had released to the press Mr. Colby's memorandum of 6 November 1973 to Symington. Woolsey commented that he thought it was a good job.

Woolsey also mentioned that Joel Merkel, on Senator Jackson's staff, might be in touch with us regarding the language they are trying to insert in Senator Nelson's resolution to establish a Joint Committee on Domestic Intelligence Activities. Woolsey will be out of town for five days and has given Merkel my name as a point of contact. Woolsey added that they have received some suggested language from Defense but he (Woolsey) is having considerable difficulty in fitting all of this together in some acceptable legislative format.

8. (Unclassified - LLM) Called Cedric Kroll, Actuary, U. S. Treasury Department, and closed out our review of the proposed amendments to CIARDS, including retirement financing. Kroll suggested a couple of minor modifications which I said we would be glad to accept. In the interest of expediting OMB clearance and in response to his request for guidance, I suggested that Treasury's report to OMB on the legislation merely refer to the discussions held between the two agencies and our acceptance of their suggestions for minor modifications.